



North Carolina Procurement Transformation

Project Overview

December 10, 2010



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Procurement Transformation - Background

Several key economic, political, legislative, and operational challenges driving the State's procurement transformation initiative

- Potential short term budget shortfall of \$3.5-4B
- Review by Budget Reform and Accountability Commission (BRAC)
- Decreasing state revenue for business services
- EO 4 – required NC OpenBook
- Session Law 2010-194, SB1213 – implement a quality management system equivalent to ISO9001
- Service Contract Monitoring Practices and State Term Contracting Process Audits

...high priority initiative for Secretary Carey



Procurement Transformation - Vision

Create a customer-focused enterprise to achieve increased procurement effectiveness, efficiency, and compliance resulting in significant financial benefit for taxpayers by reducing the costs of acquiring goods and services

Benefits we expect to see include:

- ✓ Better value and more effective use of tax dollars for the citizens of North Carolina
- ✓ More consistency across the enterprise to leverage the State's buying power
- ✓ More efficient processes and systems to provide customers with what they need—when they need it
- ✓ Enhanced procurement and contract management training programs to enable employees to better serve their customers and the taxpayers of North Carolina



Procurement Transformation – Project Governance





Procurement Transformation – Project Governance

The composition of our Executive Steering and Advisory Committees, with knowledge and experience across the State, will guide the success of Procurement Transformation.

	Responsibilities	Members
Executive Steering Committee	<ul style="list-style-type: none">• Provide vision and leadership to guide project direction• Act as champions for the project across the State• Assess project alignment with the stated objectives• Provide executive support to resolve issues and clear roadblocks for the project team	<ul style="list-style-type: none">– DOA Secretary– State Budget Director– State Personnel Director– State Chief Information Officer– State Controller
Advisory Committee	<ul style="list-style-type: none">• Provide insight on procurement and state government• Act as advocates for the project across the State• Guide the team through complex issue resolution• Receive ongoing project updates	<ul style="list-style-type: none">– DOA– OSBM– OSA– OSP– ITS– OSC– UNC-GA– UNC-SOG– NCCCCSO– Executive Branch Agency Purchasing Officer Representative



Procurement Transformation – Approach

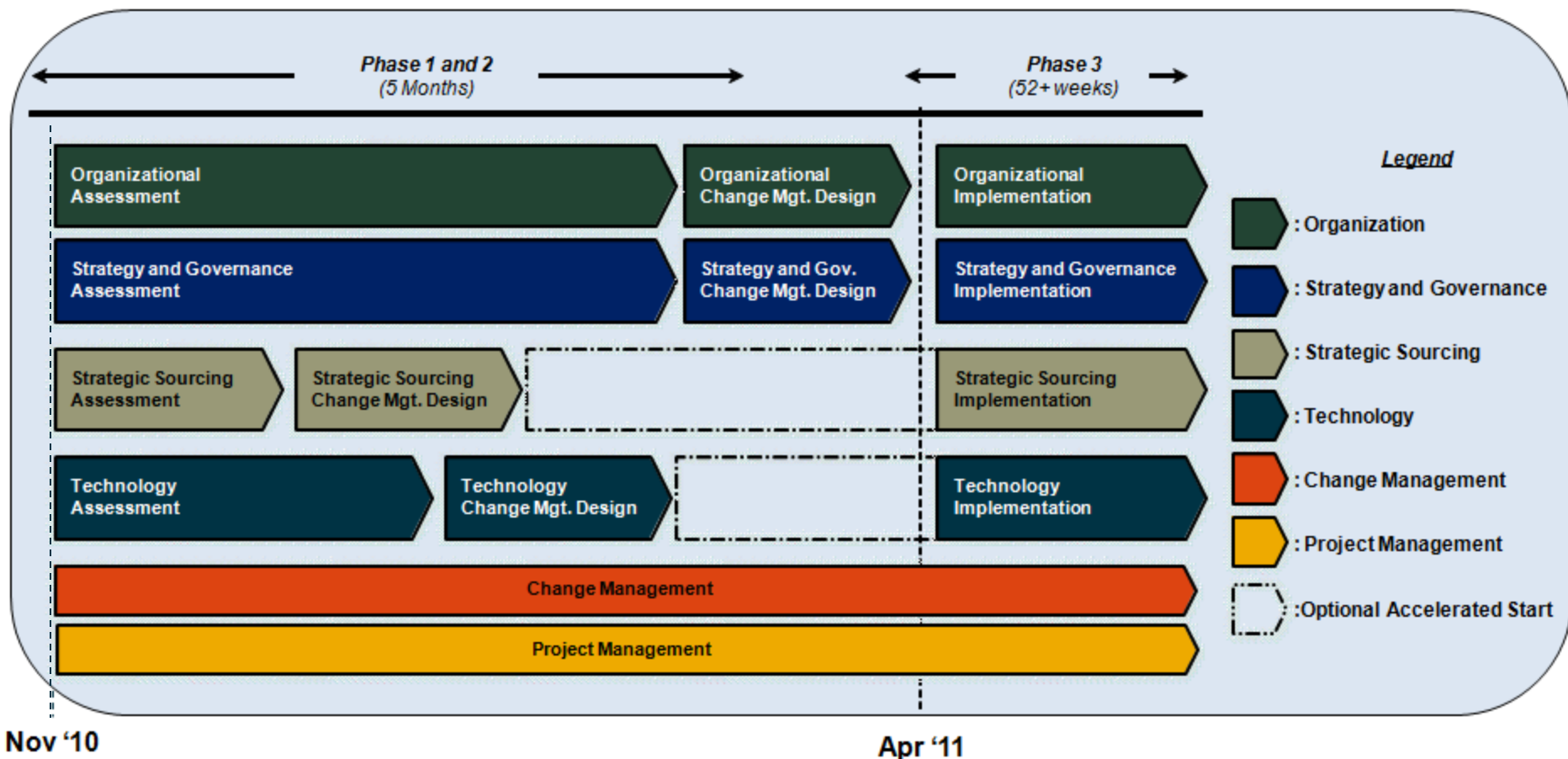
- **DOA will be the business owner in delivering enhanced capabilities and improving competitive and transparent purchasing on behalf of the State.**
- **DOA, ITS, and OSBM—as well as other agencies—will *work together* to achieve the vision for the Procurement Transformation**
- **Transformation will be delivered using a structured three (3) phase approach:**
 - **Assessment**
 - **Design**
 - **Implementation**
- **Assessment and Design areas will include:**
 - **Strategic Sourcing**
 - **Strategy and Governance**
 - **Organization**
 - **Technology**
 - **Change Management**

...all areas include approaches to implement recommendations approved by DOA leadership



Procurement Transformation - Timeline

- **Assessment:** November 2010 – March 2011
- **Design:** March – April 2011
- **Implementation:** Beginning April 2011 based on approved recommendations





Procurement Transformation – Work Streams

- **Strategic Sourcing**
 - Detailed buying profile of all state entities
 - Qualitative and quantitative analysis to identify areas of potential savings
 - Deliverable(s):
 - Buying Assessment Report
 - Benefits Case and Implementation Plan
- **Strategy and Governance**
 - Review of policies, statutes, compliance structures, and ISO9001 requirements
 - Develop and recommend an effective operating model and roles/responsibilities
 - Deliverable(s):
 - Strategy and Governance Current State Assessment
 - Operating Model
 - Statutory and Policy Recommendations
 - Governance Model
 - Benefits Case and Implementation Plan



Procurement Transformation – Work Streams

- **Organization**

- Assess procurement organizational structures across State agencies and job descriptions
- Deliverable(s):
 - Current State Assessment
 - Organizational Design
 - Organizational Benefits Case & Implementation Plan

- **Technology**

- Assess current E-Procurement system, State accounting systems, solicitation systems, vendor registries and public reporting systems
- Identify opportunities to enhance/replace current procurement tools
- Provide recommendations on technology way ahead
- Deliverable(s):
 - Ariba Buyer Recommendation
 - Current State Analysis
 - Technology Improvement Options and Preliminary Technology Plan
 - Benefits Case and Implementation Plan



Procurement Transformation – Work Streams

- **Change Management**

- Engage stakeholders—leadership and employees—to understand goals, challenges, concerns, and successes to guide the assessment and implementation of approved recommendations
- Deliverable(s):
 - Stakeholder Map
 - Change Readiness Assessment Survey and Report
 - Implementation Change Management and Communications Plan



Procurement Transformation

Send questions and comments to
Procurement@doa.nc.gov

*Procurement Transformation ... it's what is right for
the people of North Carolina!*